

Migration and Health

Migration as an Enabler for Inclusive Social  
Development

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Migration and Remittances – KNOMAD;

PREM Economic Policy Department World Bank

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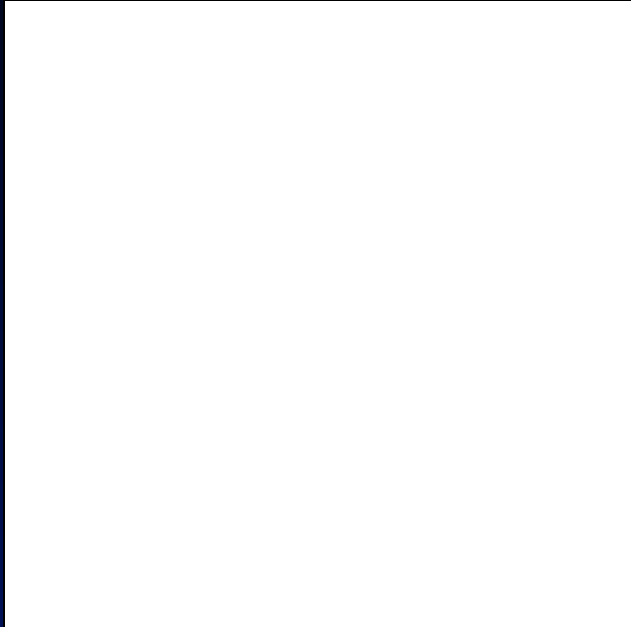
# Outline

## 1. Migration and Health: Channels

- Income and Remittance Effects
- Household Composition and Decision Making
- Insurance and consumption smoothing effects
- Improved knowledge of health and care practices
- Brain drain or brain gain?

## 2. Policy recommendations

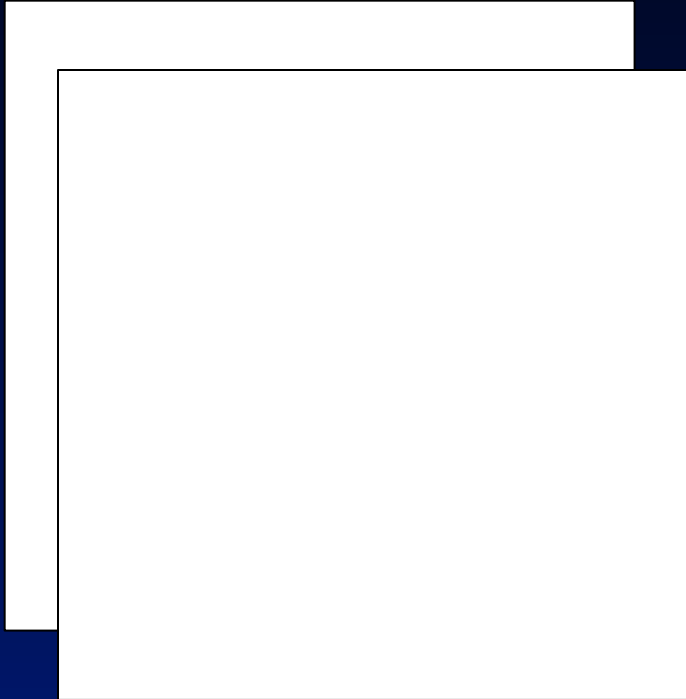
# Remittances to developing countries to reach \$414 bn in 2013



Source: Development Prospects Group, World Bank

# Top remittance recipients in 2013

*\$ billion, 2013e*



*as % of GDP, 2012*

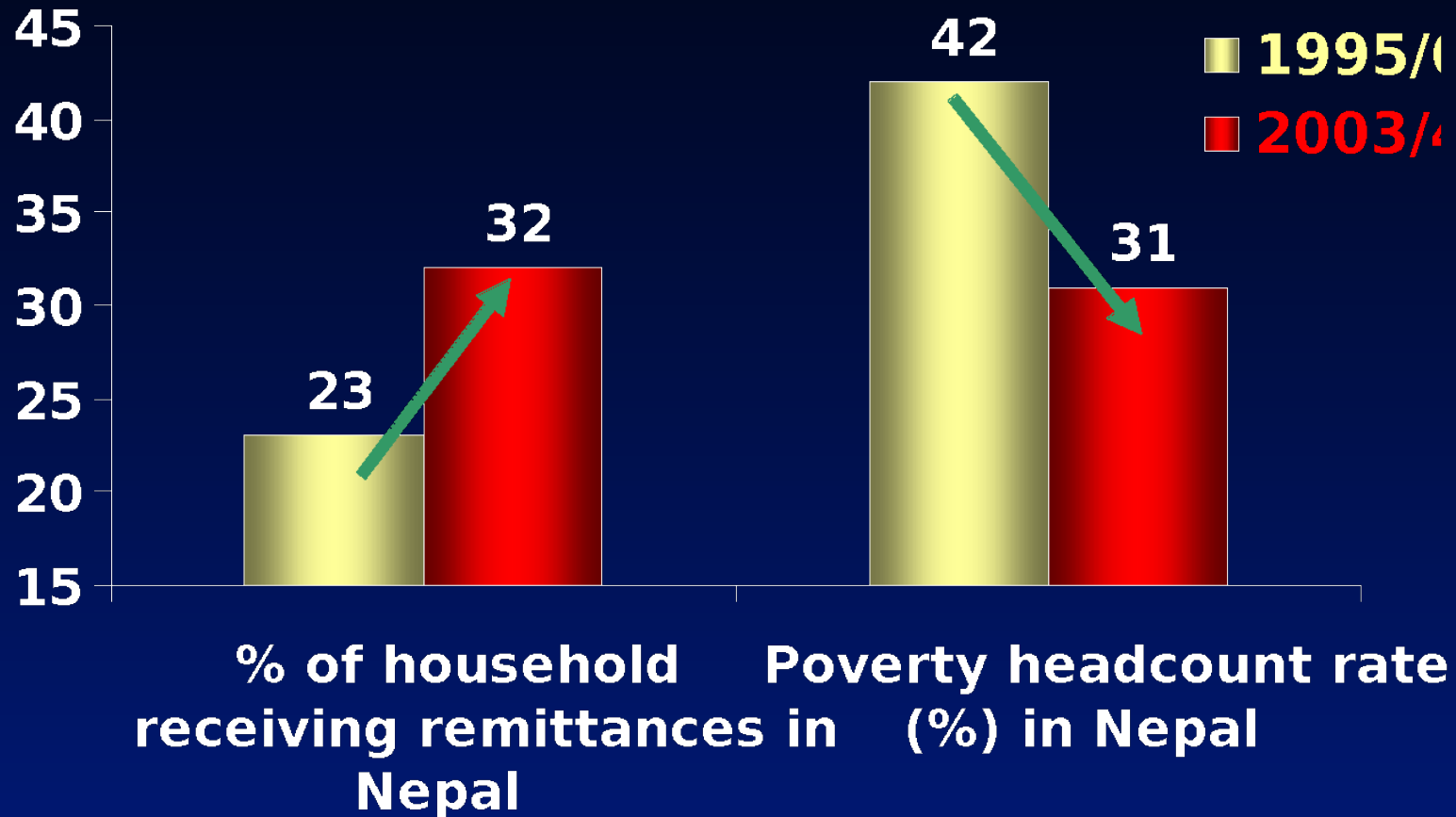


# Remittances Reduce Poverty in SSA

(Adams & Page 2003; Anyanwu & Erhijakpor 2010)

- 10 % increase in the share of international migrants in a country's population will lead to a 1.9 % (1.6 %) decline in the share of people living in poverty
- Reduce severity of poverty in Africa
- 10 % increase in international remittances as a share of GDP leads to a 2.9 % decline in the poverty headcount

# Remittances help reduce poverty



Source: World Bank, DFID, ADB Study 2006, Glinskaya and others 2006

# Migration and Health: Channels

- Income and remittance effects
- Household composition and decision making
- Insurance and consumption smoothing effects
- Improved knowledge of health care practices
- Brain drain or brain gain?

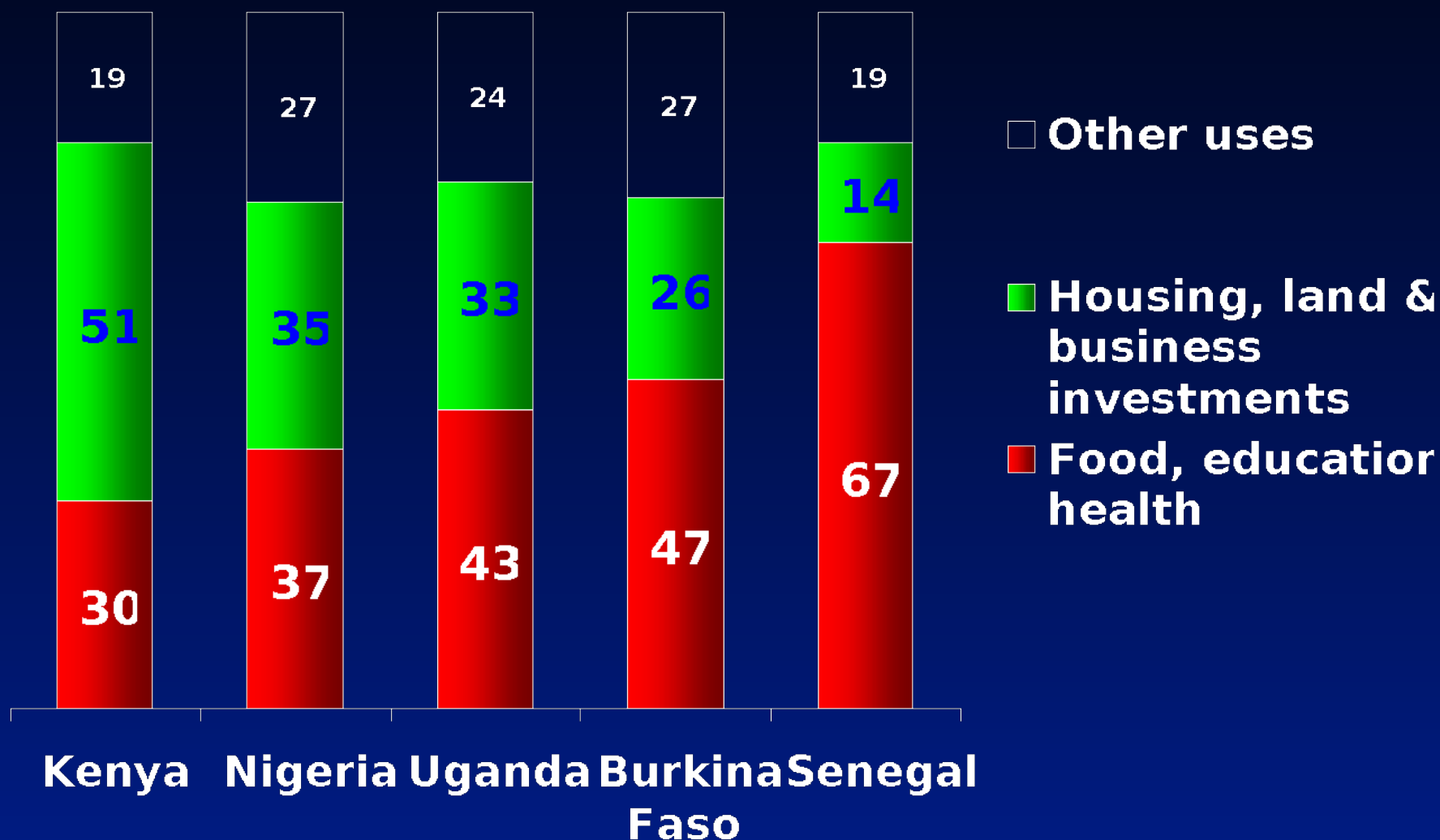
# Income and Remittances Effect: Most positive effect

- Remittances are spent to finance health care expenditure
  - 10% of changes in remittances are devoted to health expenditure in Mexico (Valero-Gil 2008)
- Remittance receiving households spend a larger budget share on food and health expenditures in South Africa (Nagarajan 2009)
  - Remittance receivers spend 2.4 percentage points more on health care than non-receivers
  - **Remittances enable poorer households to access better quality medical care**



# Investment in human and physical capital is boosted by migration and remittances

*Percent of remittances from outside Africa*



\* Uganda excludes unspecified use of remittances (2/5<sup>th</sup> of total remittances)

Source: Africa migration project household surveys; GLSS 2005-06

# Use of remittances by recipient households

Use	Burkina Faso			Kenya			Nigeria		
	Outside Africa	Within Africa	Domestic	Outside Africa	Within Africa	Domestic	Outside Africa	Within Africa	Domestic
Construction - new house	25.7	10.1	2.6	11.2	27.5	1.3	5.8	0.0	0.1
Food	23.5	34.9	48.7	12.8	14.5	29.7	10.1	20.1	1.0
Education	12.4	5.9	9.4	9.6	22.9	20.5	22.1	19.6	4.5
<b>Health</b>	<b>11.3</b>	<b>10.1</b>	<b>12.5</b>	<b>7.3</b>	<b>5.8</b>	<b>7.0</b>	<b>5.1</b>	<b>12.0</b>	<b>10.6</b>
Business	10.4	2.6	2.4	3.9	8.4	13.0	21.7	20.1	11.1
Clothing	5.0	0.7	0.7	..	..	..	..	..	..
Marriage/funeral	2.1	3.9	3.1	0.9	1.7	2.0	0.4	1.0	..7
Rent (house, land)	1.4	0.6	1.7	5.7	0.4	7.4	4.4	4.9	..8
Rebuilding of house	0.3	1.0	1.2	5.3	3.1	1.3	4.7	3.2	7.0
Cars/trucks	0.1	0.0	0.1	1.3	1.0	0.4	0.0	0.0	0.5
Improvement of farma	0.0	3.9	1.1	2.3	0.4	4.4	..	..	..
Investment	..	..	..	24.2	0.5	4.7	..	..	..
Other	7.7	24.9	16.3	7.2	6.6	6.9	0.8	2.6	3.5

# Use of remittances by recipient households,

Use	Senegal			Uganda		
	Outside Africa	Within Africa	Domestic	Outside Africa	Within Africa	Domestic
Construction - new house	7.0	0.7	0.0	2.5	1.6	0.4
Food	52.6	72.6	81.9	7.6	9.7	12.4
Education	3.6	2.3	4.6	12.7	14.5	20.2
<b>Health</b>	<b>10.7</b>	<b>7.3</b>	<b>2.9</b>	<b>6.3</b>	<b>14.5</b>	<b>24.8</b>
Business	1.3	5.7	0.2	7.6	9.7	2.1
Clothing	..	..	..	..	..	..
Marriage/funeral	2.9	2.4	1.1	7.6	6.5	1.7
Rent (house, land)	1.0	0.0	2.2	5.1	8.1	4.5
Rebuilding of house	4.2	0.7	0.1	6.3	3.2	2.1
Cars/trucks	0.2	0.0	0.0	2.5	0.0	0.0
Improvement of farma	..	..	..	..	..	..
Other	13.5	8.3	6.9	38.0	27.4	29.8

# Income and Remittances Effect: Family Left Behind (1)

## Children

- Y Migration is associated with:
  - Better nutritional outcomes in children (Ecuador, Tajikistan, Guatemala, Tonga)
  - Higher growth:weight-for-height; height-for age (Tonga, Nicaragua)
  - Better access to treatment for fever and diarrhea (Drabo & Ebek, 2010)
  - Lower child mortality; higher birth weights

# Remittances and Health Outcomes

Country	Guatemala	Guatemala	Nicaragua	Nicaragua
Dependent Variable	Weight-for-Age Z-Score	Height-for-Age Z-Score	Weight-for-Age Z-Score	Height-for-Age Z-Score
2 <sup>nd</sup> Income Quintile	0.117 **	0.141 **	0.154**	0.230**
3 <sup>rd</sup> Income Quintile	0.233***	0.385**	0.077	0.327***
4 <sup>th</sup> Income Quintile	0.325***	0.479**	0.263**	0.594***
5 <sup>th</sup> Income Quintile	0.594***	0.686**	0.352**	0.594***
Remittances	0.211**	0.213	0.306	0.289

Source: Acosta, Fajnzylber and Lopez (2007)

# Income and Remittances Effect: Family Left Behind (2)

## Spouses

- ÿ Migration is associated with labor market participation

## Aging Parents Health:

- ÿ positive in Indonesia, Moldova (improvements in diet and allocation of time); negative in Mexico (most likely to suffer heart attack and strokes)

# Household Composition and decision making

- Female headed households spend more on higher quality food, education and health
- Lower child labor which improves human capital outcomes

# Insurance and consumption smoothing effects

- Relaxed liquidity constraint due to remittances helps in smoothing consumption
- Mitigation of risk by increasing income levels and diversifying income sources (home and host country)
- Migrant households are self-insured against food shocks
- Use remittances in case of health emergencies

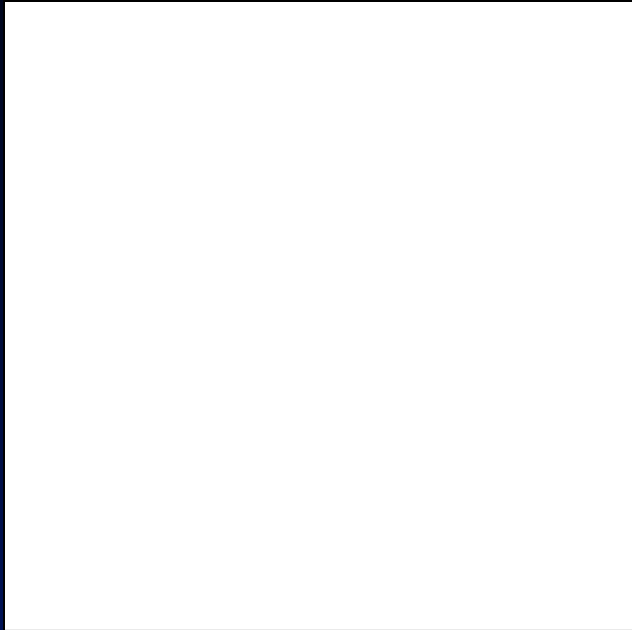


# Improved knowledge of health and care practices

- Better education of parents (especially mothers) would have positive effect on health of children
- Mexican mothers in migrant households have better health knowledge: 3-4.5% lower infant mortality (Hildebrandt & McKenzie, 2005)
- Temporary migrants or when they go back home bring new knowledge, medicines and practices
- Diaspora transfer knowledge on latest medical developments

**High Skilled Migration  
Brain drain or Brain gain?**

# High-skilled migration is larger in low-income countries



Solution: train more people; leverage the diasporas

# High-skilled emigration (of tertiary educated) from Small States

*tertiary-educated population*



*Source: Migration and Remittances Factbook (2011).*

# What is the solution?

ÿ Take away passports?

ÿ Punish the recruiters?

ÿ Pay higher salaries back at home?

ÿ Make migrants pay for their education?

ÿ Make migrants feel guilty?

Treat the symptom or cure the disease?

# Treat the symptom or the disease?

Look into:

- ÿ Education policies
- ÿ Health Sector policies
- ÿ Labor market policies

# Education Policies Initiatives: Mixed results

- Ex post Service requirements
- Differential Tuition regimes – who pays for education?
- Bhagwati taxes on migrants?
- Return migration

# Findings

- ÿ Cost of education of professionals outweighed by remittances
- ÿ Supply of skill has to be matched to global and local demand -, not quotas
- ÿ Policy interventions:
  - Train more doctors and nurses
  - Foreign hospitals open training centers
  - improve working conditions; increase R&D spending



New Idea:

## Diaspora bonds for funding medical training

*50 diaspora students, attrition rate 10 1<sup>st</sup> yr, 5 afterward*

*Tuition \$30K per year, for 4 years;*

*25 local students trained free*

Revenue per year: \$4.65 mn

Cost of training: \$2.32 mn

Cash flow: \$2.33 mn

*At 5% coupon this could support \$20 million raised by issuing a 10-year bond*

Source: Ketkar and Ratha (2011)

# Key messages

- Remittances reduce poverty (HHS evidence)
- Remittances finance health expenditures
- Migration of skilled people can generate complex effects, but in the end, labor market solutions have to be found
- But ethical recruitment policies may be ineffective, and unethical
- Migration should not be viewed as a substitute for development at home but integral to globalization

# Policy recommendations

- ÿ Improve data, especially high-frequency data
- ÿ Reduce remittance costs and develop remittance-linked micro-saving and micro-insurance
- ÿ Reduce migration costs, especially recruitment costs
- ÿ Promote microinsurance and medical programs for the poor people
- ÿ Train more doctors and nurses

# What can be done?

- A. Policies in receiving countries
- B. Policies in sending countries

# Policies in receiving countries

1. Regulation of Recruitment Agencies
2. Remittances Cost Reduction
3. Transferability of pension and health care benefits
4. Access to Health Services
5. Mutual Recognition of Skills
6. Avoid Ethical Recruitment

## **II. Policies in Sending Countries**

- 1.** Limiting the Costs of Migration
- 2.** Providing portability of pension funds and health care
- 3.** Facilitating Remittances Flows
- 4.** Mobilizing the diaspora

# KNOMAD

Global Knowledge Partnership on Migration and Development



Global Knowledge Partnership on  
Migration and Development

Thank you

[www.knomad.org](http://www.knomad.org)





**Website:**

<http://www.worldbank.org/migration>

**Blog:**

<http://peoplemove.worldbank.org>

**Thank you!**

# Protecting Migrants: Welfare funds

• Bangladesh, Pakistan, Philippines, Sri Lanka, Thailand and India

• Services to migrants:

- pre-departure orientation seminars, loans,
- emergency repatriation
- life and medical insurance
- reintegration assistance

# Migrant Welfare Funds

## ÿ Management:

Pakistan: the Overseas Pakistanis Foundation

Philippines: a special government agency within the Department of Labor and Employment.

## ÿ Funding Sources:

- employers
- recruitment agencies
- migrant workers
- sending government

# Case of Philippines

- ÿ The **Overseas Workers Welfare Administration (OWWA)**, an attached agency of the Department of Labor and Employment (DOLE), is the lead government agency tasked to protect and promote the welfare and well-being of Overseas Filipino Workers (OFWs) and their dependents.
- ÿ A "Welfare and Training Fund For Overseas Workers" was created on 01 May 1997 in the Department of Labor

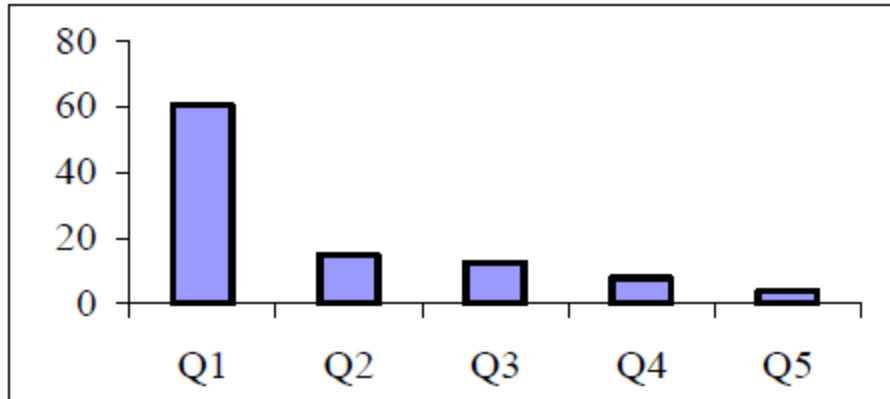
# Continuation: Case of Philippines

- **Objectives of the Welfare and Training Fund:**  
Provide social and welfare services to Overseas Filipino Workers (OFW), including insurance, social work assistance, legal assistance, cultural services, and remittance services
- **Fund Source OWWA fund :** single trust fund pooled from the US\$25.00 membership contributions of foreign employers, land-based and sea-based workers, investment and interest income, and income from other sources

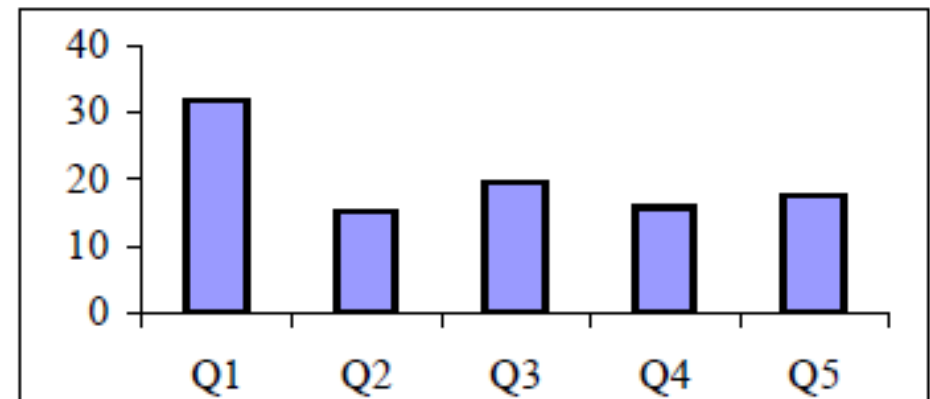
**Are the poorest household excluded from  
remittances?**

# Percent of Households Receiving Remittances in Each Income Quintile

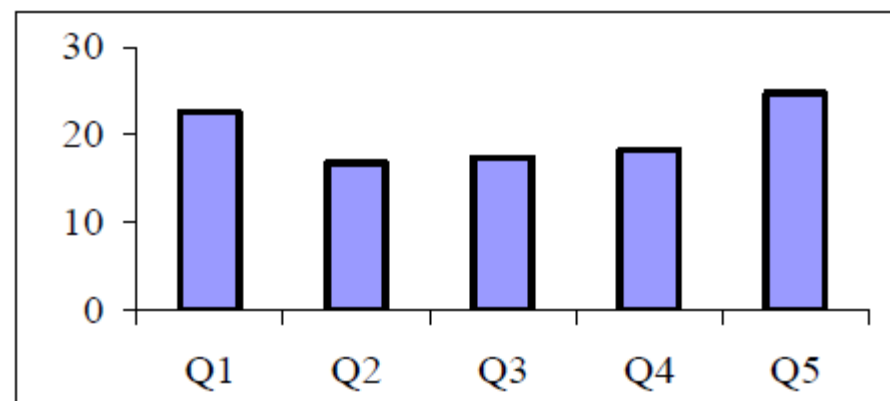
## Mexico



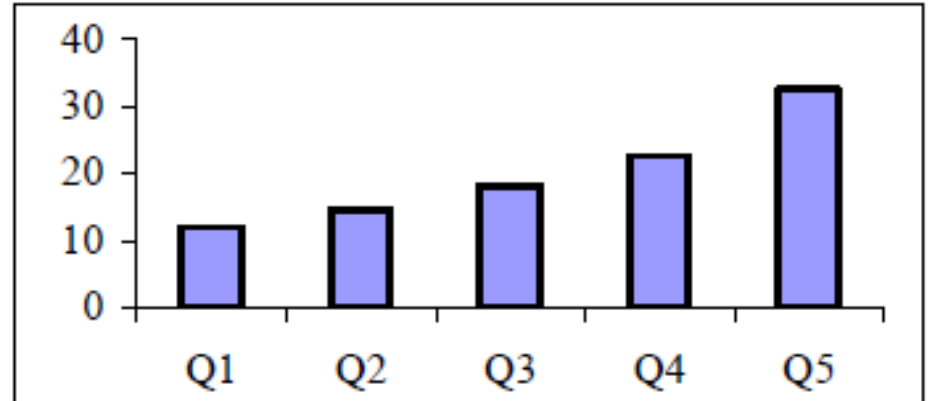
## Guatemala



## Haiti

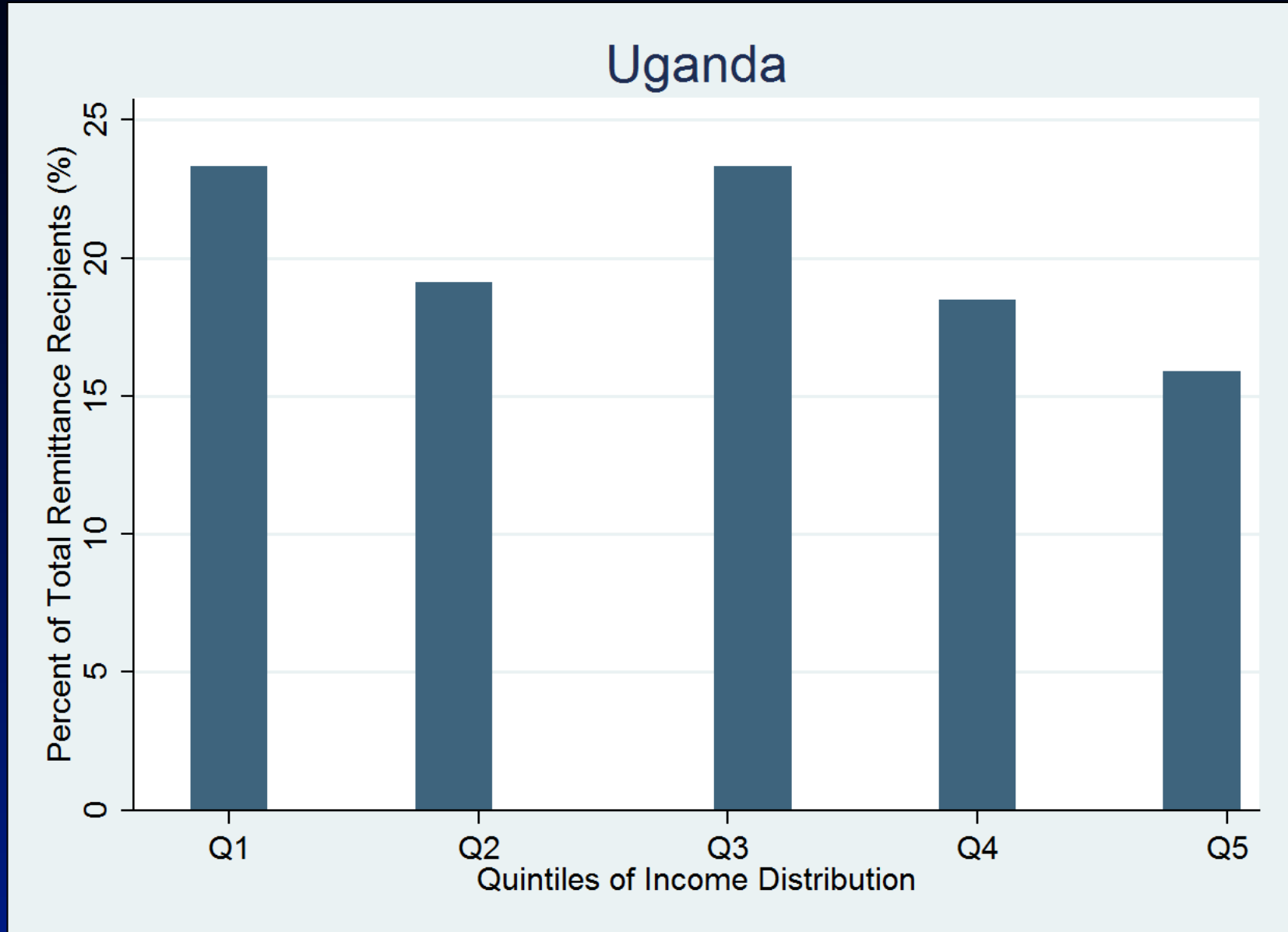


## Nicaragua



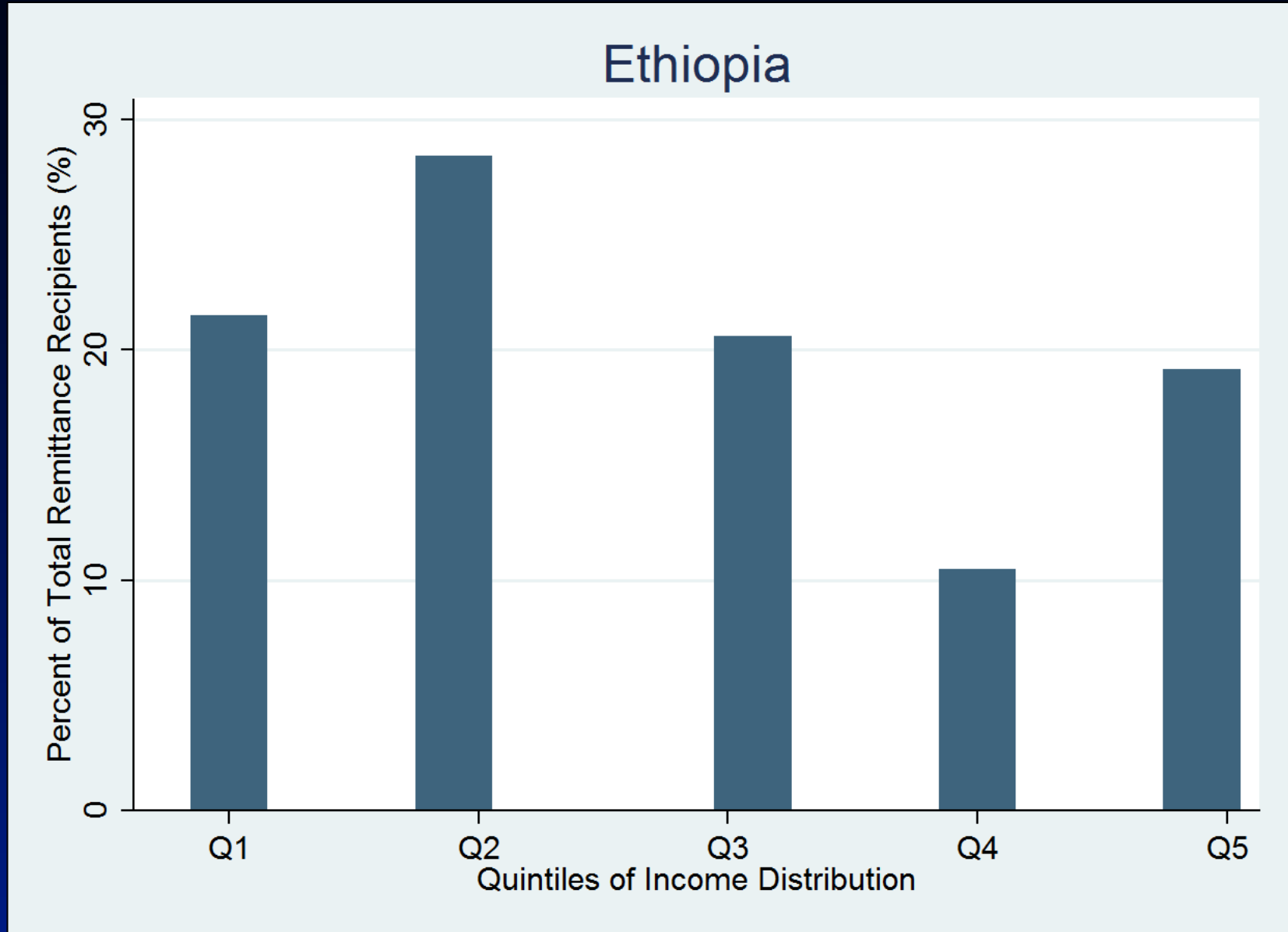
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# Percent of Households Receiving Remittances in Each Income Quintile

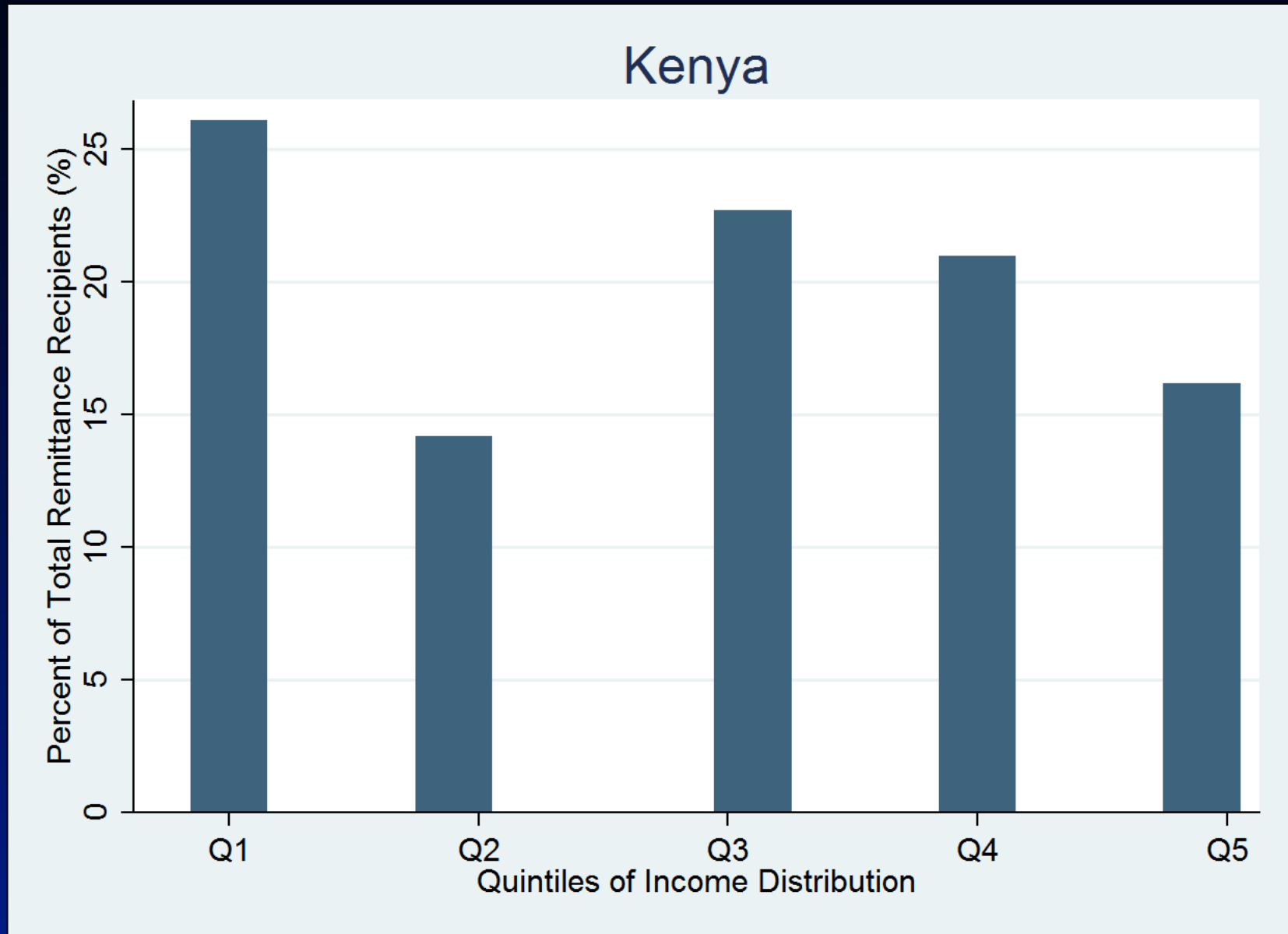




# Percent of Households Receiving Remittances in Each Income Quintile



# Percent of Households Receiving Remittances in Each Income Quintile



# Impact of Remittances Varies by Country, and by Recipients' Income

Country	Guatemala				Nicaragua			
Dependent Variable	Weight-for-Age Z-Score	Height-for-Age Z-Score	Received All Vaccines	Child Delivered by Doctor	Weight-for-Age Z-Score	Height-for-Age Z-Score	Received All Vaccines	Child Delivered by Doctor
2nd Income Quintile	0.117** (0.058)	0.141** (0.060)	0.011 (0.011)	0.006 (0.015)	0.154* (0.085)	0.230** (0.091)	-0.028 (0.047)	0.104* (0.060)
3rd Income Quintile	0.233*** (0.060)	0.385** (0.067)	0.016 (0.013)	0.054*** (0.025)	0.077 (0.099)	0.327*** (0.109)	-0.011 (0.054)	0.085 (0.070)
4th Income Quintile	0.325*** (0.073)	0.479** (0.076)	0.010 (0.016)	0.023 (0.023)	0.263** (0.117)	0.594*** (0.113)	-0.126 (0.062)	0.168* (0.079)
5th Income Quintile	0.594*** (0.091)	0.686** (0.098)	0.026 (0.018)	0.013 (0.025)	0.352** (0.138)	0.594*** (0.136)	-0.102 (0.078)	0.263** (0.082)

Notes: \*\*\* Significant at 1% level. \*\* Significant at 5% level. \* Significant at 10% level.

Source: Acosta, Fajnzylber and Lopez (2007)